

# EXHIBIT 1

# STATE FARM UNIVERSAL LIFE INSURANCE

## HERE'S HOW IT WORKS

- Out of each premium payment, a 5% expense charge is deducted. The balance is added to the policy account value.
- The account value earns interest. The rate of interest is determined by the Company and will vary from time to time depending upon the Company's investment experience, but it will never be less than 4%. Interest is added each month.
- The cost of life insurance and a \$5 fixed expense charge is deducted from the account value each month.

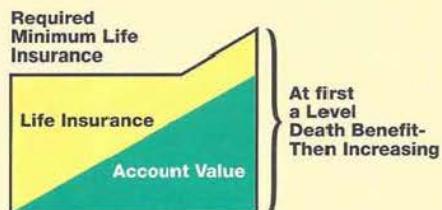
- Premiums may be increased or decreased.
- The amount of insurance may be increased, subject to evidence of insurability, or decreased subject to minimums.
- Withdrawals may be made from the cash surrender value. A withdrawal reduces the account value and the death benefit.
- There may be surrender charges at the time of surrender or withdrawal. The cash surrender value is the account value less surrender charges.



## TWO BASIC COVERAGE OPTIONS:

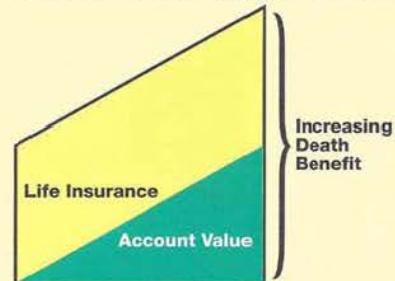
### OPTION I LEVEL DEATH BENEFIT

The death benefit consists of life insurance and the account value. As the account value increases, the amount of life insurance decreases. The death benefit remains level unless regulations require an increase to maintain a minimum amount of life insurance.



### OPTION II INCREASING DEATH BENEFIT

The death benefit consists of life insurance and the account value. The amount of life insurance remains constant. The total death benefit increases as account value increases.



## OPTIONAL COVERAGES

- Accidental Death — pays an additional amount if death results from an accident.
- Guaranteed Insurability Option — guarantees the right to increase the basic amount of life insurance without medical exam and regardless of health or occupation at ages 17, 22, 25, 28, 31, 34, 37, 40, 43, 46 and 49 or when the insured marries or becomes a parent (available only if Waiver of Monthly Deduction is included).
- Waiver of Monthly Deduction for Life Insurance — The monthly deductions for life insurance are waived during total disability beginning before age 60 and lasting 6 months.

- Family Coverage — Term life insurance on the insured's spouse and children can be included . . . or added at any time, subject to evidence of insurability.

No one knows for sure what the future holds...but one thing is certain...there will be new and challenging responsibilities for all of us.

## BE PREPARED...START YOUR UNIVERSAL LIFE INSURANCE PLAN TODAY!

This brochure contains a general description of coverage. A complete statement of coverage is found only in the policy.



**State Farm Life Insurance Company**  
(Not Licensed in New York or Wisconsin)  
**State Farm Life and Accident Assurance Company**  
(Licensed in New York and Wisconsin)  
Home Offices: Bloomington, Illinois

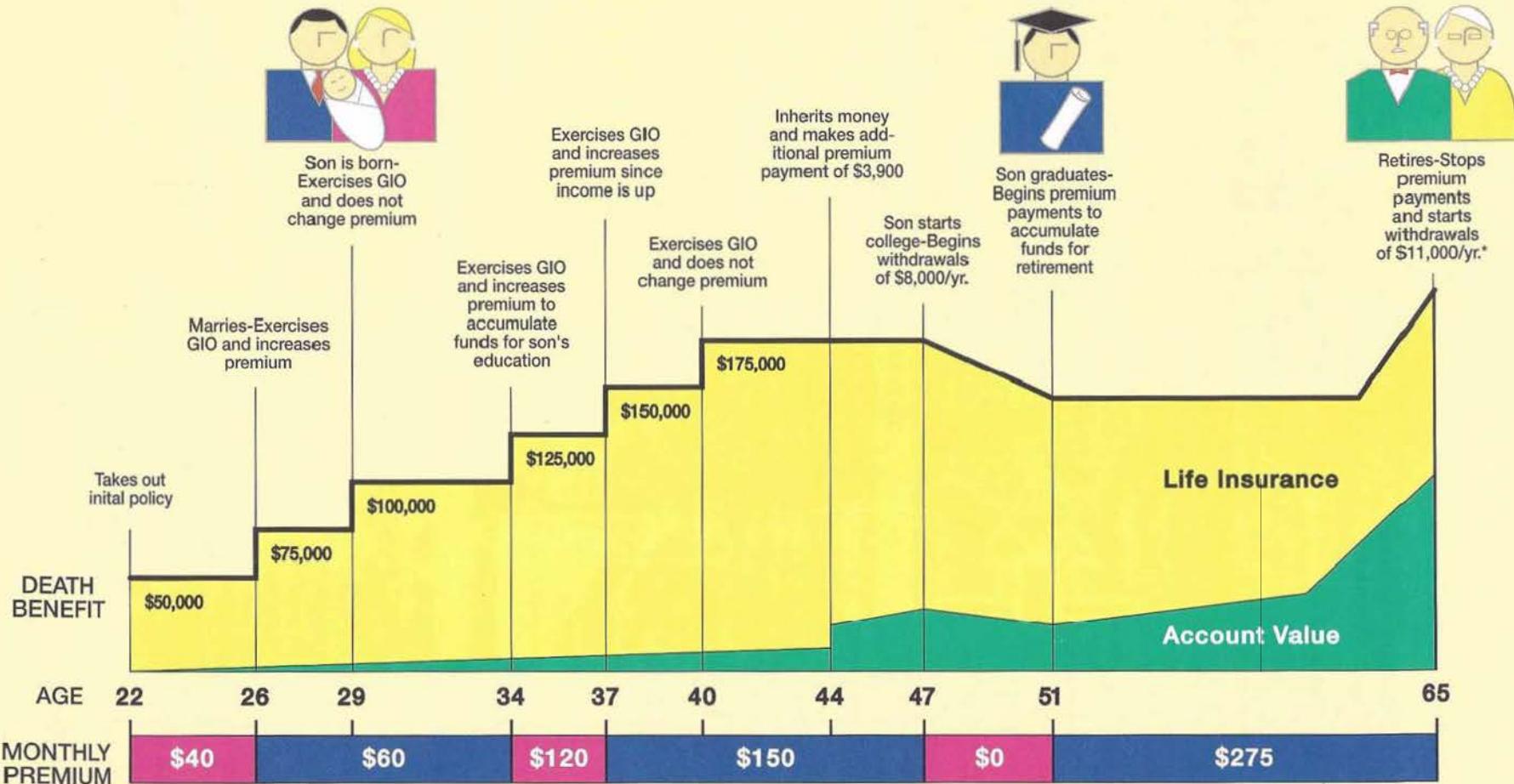
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## UNIVERSAL LIFE EXAMPLE

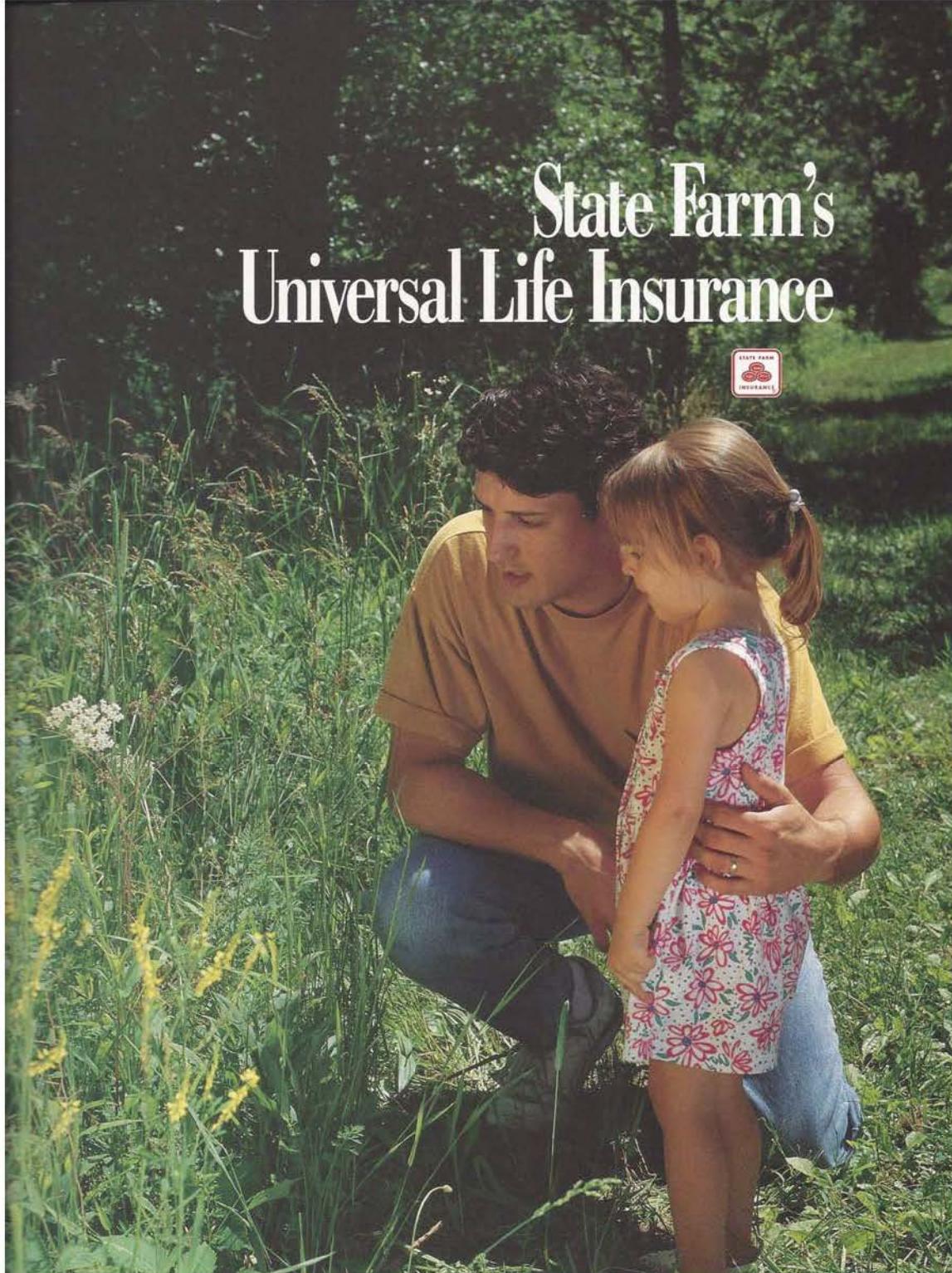
Perhaps the best way to illustrate the features of Universal Life is with an EXAMPLE. Your agent can advise you what is best for your own situation. Let's look at a young person — single, non-smoker and just starting a career. The Option I Level Death Benefit with Waiver of Monthly Deduction and a \$25,000 Guaranteed Insurability Option is selected.

\*Withdrawals of \$11,000 a year continue until age 90 at which time the insured dies and the beneficiary receives the death benefit.

This example is based on an interest rate higher than the guaranteed rate of 4% a year. If account values earn only the guaranteed rate, the policy in this example would terminate at age 50.

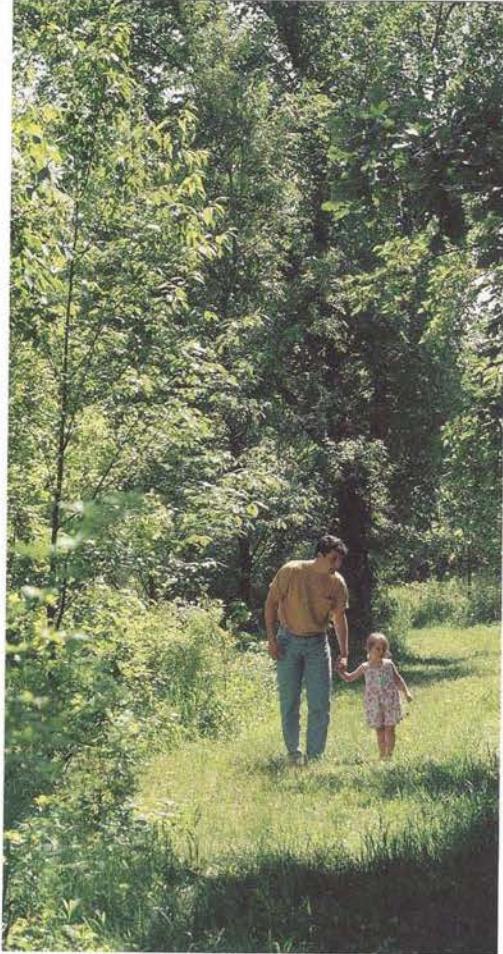


# State Farm's Universal Life Insurance



Vogt, Michael G. v. SFLIC

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*Perhaps the best way to illustrate the features of Universal Life is with an example. Let's look at a young man, Bob, who is age 25 and is married. Bob chooses a \$75,000 Option I Level Death Benefit with Waiver of Monthly Deduction and a \$50,000 Guaranteed Insurability Option (GIO). Bob and his wife, Lisa, also decide to insure Lisa under the same policy with a \$50,000 Additional Insured's Level Term Rider. Bob and Lisa decide to pay an annual premium of \$1,200.*

*At age 28, Bob exercises his GIO and increases his Death Benefit to \$125,000 as he and Lisa have been talking about starting a family. They decide to leave the annual premium at \$1,200. At age 30, Bob and Lisa have a baby girl, Lucy, and decide to make no changes to their Universal Life Policy at that time.*

*At age 31, Bob again has the opportunity to increase his Death Benefit by \$50,000 without evidence of insurability (due to GIO) and chooses to do so bringing his Death Benefit to \$175,000. Bob also had recently received a promotion and decides to increase the annual premium to \$1,800.*

*At age 34, Bob exercises his GIO to bring his Death Benefit to \$225,000. He likes the way he is providing insurance protection for his family and at the same*

*time building an Account Value, with his Universal Life Policy. He decides to increase his annual premium to \$2,400 to build funds for his daughter's college education.*

*At age 45, Bob receives an inheritance from his Grandfather and he decides to make an additional premium payment of \$5,000.*

*At age 48, Lucy is ready for college. For the next four years, Bob makes no premiums payments and withdraws \$8,000 per year to help with Lucy's expenses. Lucy graduates and the proud Bob begins making premium payments of \$3,600 a year to build funds to help supplement his retirement income.*

*At age 65, Bob retires, stops premium payments and begins withdrawing \$15,000 per year.*

*After 65 years of insurance protection, Bob dies at age 90 and Lisa still receives a death benefit.*

## **Here's How It Works**

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The account value earns interest. The rate of interest is determined by the Company and will vary from time to time depending upon the Company's investment experience, but it will never be less than 4%. Interest is added each month.

The cost of Life Insurance and a \$5 fixed expense charge is deducted from the account value each month.

Premiums may be increased or decreased.

The amount of insurance may be increased, subject to evidence of insurability, or decreased subject to minimums.

Withdrawals may be made from the cash surrender value. A withdrawal reduces the account value and the death benefit.

There may be surrender charges at the time of surrender or withdrawal. The cash surrender value is the account value less surrender charges.

## **Two Basic Coverage Options:**

### ***Option I Level Death Benefit***

The death benefit consists of life insurance and the account value. As the account value increases, the amount of life insurance decreases. The death benefit remains level unless regulations require an increase to maintain a minimum amount of life insurance.

### ***Option II Increasing Death Benefit***

The death benefit consists of life insurance and the account value. The amount of life insurance remains constant. The total death benefit increases as account value increases.

## **Optional Coverages**

Accidental Death — pays an additional amount if death results from an accident.

Guaranteed Insurability Option — guarantees the right to increase the basic amount of life insurance without medical exam and regardless of health or occupation at ages 17, 22, 25, 28, 31, 34, 37, 40, 43, 46 and 49 or when the insured marries or becomes a parent (available only if Waiver of Monthly Deduction is included).

One of the uncertainties that makes financial planning so difficult is not knowing if we will die too soon or live too long.

Dying too soon can mean dying before we've had enough time to accumulate the money needed for our final expenses, our debts, or to achieve certain financial goals.

Living too long can mean reaching retirement with too little

retirement income... or outliving the funds we accumulate for retirement.

State Farm's Universal Life insurance policy can help take the uncertainty out of your financial planning. Whether you die too soon or live too long it can provide cash when it's needed most. And, State Farm's Universal Life policy can change as your financial needs change. It's the most flexible life insurance State Farm offers.

This brochure contains a general description of coverage. A complete statement of coverage is found only in the policy.

**State Farm Life Insurance Company**  
(Not Licensed in New York or Wisconsin)

**State Farm Life and Accident  
Assurance Company**  
(Licensed in New York and Wisconsin)

Home Offices:  
Bloomington, Illinois



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## Coverages and Insurance Services We Can Provide\*

### Fire Insurance

Homeowners  
Renters  
Mobile Homes  
Manufactured Homes  
Business  
Apartment Buildings  
Office Buildings  
Condominium/Association  
Church  
Contractors  
Commercial  
Liability Umbrella Policies  
Boatowners  
Personal Articles Policy

### Life Insurance

Family Insurance  
Mortgage  
Estate Analysis  
Business Life Insurance  
Universal Life  
Annuities  
**Health Insurance**  
Hospital Surgical  
Hospital Income  
Disability Income

### Car Insurance

Personal Cars  
Business Cars  
Motorcycles  
Travel Trailers  
Fleets  
Snowmobiles  
Motorhomes  
Car Finance Plan  
**Retirement Planning**  
IRA (RRSP in Canada)  
KEOGH  
TSA  
Corporate

\*All coverages and insurance services may not be available in all states and provinces.

## Ask me, your good neighbor agent, about the State Farm Family Insurance Checkup

Like a good neighbor, State Farm is there.®



State Farm Insurance Companies  
Home Offices: Bloomington, Illinois

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